

May 21, 2018

In order to be responsive to the latest legislative developments, MOCPA continually monitors proposed legislation. The society utilizes both professional and grassroots lobbyists to ensure the CPA profession has a voice in Jefferson City. By keeping members informed, MOCPA is empowering you to contribute to the legislative process.

Update provided by Chuck Pierce, CPA, MOCPA government relations consultant

Session Update

The 2018 regular legislative session officially ended at 6 p.m. on Friday. Despite the distractions of Governor Greitens' troubles, this session by all accounts was one of the more productive in recent years. The Legislature passed several of its priorities, including tax cuts. For the first time in several years, the end of session was not marked by gridlock in the Senate. Although the regular session has ended, the Legislature has convened a special session for purposes of investigating the possibility of disciplinary action against the governor.

The Legislature took on several potentially controversial issues this session and successfully navigated them to passage. Legislation moving the election for right to work, making changes to the prevailing wage, and placing a fuel tax increase before the voters are all issues that have stalled out in the past, but made it to the finish line this session. Of most importance to Missouri CPAs, several changes to the tax code were passed.

The Legislature passed both an individual and a corporate tax cut, which were funded by changes to the tax code. Although very large and comprehensive bills were debated during the session, at the end, it was two pared down bills that made it to the finish line.

The cuts to the individual income taxes are contained in [HB 2540](#). This bill started as a comprehensive change that was almost 400 pages long in its original form. At the end, it only reduced individual income tax rates and funded it by phasing out the deduction for federal income taxes on your state return. The bill also caps the business income deduction at 20 percent instead of 25 percent. It reduces the individual rate to 5.5 in 2019 and keeps the remaining reductions passed in prior years that are tied to revenue growth.

The adjustments to the corporate rate wound up being done in [SB 884](#). The original cuts were in [SB 764](#). Because of its position on the calendar, it was not in a very good position to pass at the end. Its provisions were ultimately amended into [SB 884](#). The bill that passed reduces the corporate rate to 4 percent and pays for the cuts by requiring all companies to use a new single sales factor for multi-state allocation. These corporate changes are not effective until 2020 to reduce the risk of unintended consequences to the state's budget.

Another tax win was the passage of [SB 768](#). The bill was sponsored by Senator Denny Hoskins, CPA, and in its original form corrected a technical inequity in how telephone companies were assessed for property taxes. Because of some problems with other legislation, the bill was amended to include the provisions necessary to fix the uncertainty created by the Supreme Court in the IBM/Mastercard decision. This was a big relief to telecom companies that were faced with a lot of uncertainty on how to apply sales tax exemptions to its capital purchases.

Another tax bill that MOCPA was tracking played a significant role in a major policy win for the Legislature. For years, the Legislature has struggled with trying to find a method for increasing funding for highways. This year, they reached a consensus during the last week but did not have a standalone bill on highway funding in a position to be passed. [HB 1460](#) became the vehicle. The original provided a state tax deduction for Olympic prizes. It was amended to provide an increase to the motor fuel tax that would have to be approved by the voters in November. Because the issues couldn't be separated, the voters will also have to decide on the tax deduction as well as the fuel tax increase. In addition to tax changes, several bills making changes to licensing requirements for professions also passed. None of these directly impact the accountancy statute but may have some indirect impacts in the future.

Both the House and Senate ended the regular session at 6 p.m. but then started the special session at 6:30 p.m. There was no formal schedule established. The session runs for 30 days. It is expected that the House Special Investigative Committee will continue its investigation. When the committee concludes its investigation, the special session will act on its report. At this point, the timing of it all is uncertain.

Legislation of Interest

The following is legislation MOCPA has been tracking that passed. Some bills are new to the list because several that we were tracking didn't pass and got added as amendments to bills that did. It will take some time to review all the activity, so look for an additional analysis of the bills passed in the next *Government Advocacy Update*. The bills are subject to being signed or vetoed by the governor.

[HB 1250](#)—*Sponsor: Plocher (R-89); Dixon (R-30)*—Establishes the Missouri Fiduciary Access to Digital Assets Act, which allows fiduciaries to access electronic records of the account holder.

[HB 1288](#)—*Sponsor: Engler (R-116); Dixon (R-30)*—Extends the sunset for the Champion for Children Tax Credit and modifies provisions of a tax credit for donations to maternity homes.

[HB 1460](#)—*Sponsor: Evans (R-99); Rowden (R-19)*—Authorizes a tax deduction for any prize or award won by an Olympic medalist.

[HB 1465](#)—*Sponsor: Cookson (R-153); Wasson (R-20)*—Modifies various provisions relating to degree offerings at public institutions of higher education.

[HB 1500](#)—*Sponsor: Dogan (R-98); Koenig (R-15)*—Modifies provisions relating to the practice of cosmetology and barbering.

[HB 1719](#)—*Sponsor: Grier (R-100); Riddle (R-10)*—Specifies that an oversight body shall not deny a person 18 years of age or older a license on the basis of age.

[HB 1796](#)—*Sponsor: Ruth (R-114); Rowden (R-19)*—Establishes the First-Time Home Buyer Savings Account Act and authorizes a tax deduction for contributions to a savings account dedicated to buying a first home.

[HB 1831](#)—*Sponsor: Ruth (R-114); Wieland (R-22)*—Changes the laws regarding the sales tax holiday that occurs in early August by adding an exemption for disposable diapers.

[HB 1858](#)—*Sponsor: Christofanelli (R-105); Eigel (R-23)*—Requires the Department of Revenue to feature a map of all special taxing districts on its website.

[HB 1879](#)—*Sponsor: Fraker (R-137); Cunningham (R-33)*—Changes the laws regarding financial transactions by public entities.

[HB 2540](#)—*Sponsor: Haahr (R-134); Eigel (R-23)*—Changes the laws regarding the collection of state moneys.

[SB 573](#)—*Sponsor: Wallingford (R-27); Davis (R-162)*—Modifies several provisions relating to the armed services.

[SB 581](#)—*Sponsor: Libla (R-25); Cross (R-35)*—Repeals provisions requiring a landlord to keep security deposits in a trust and authorizes the right to a trial de novo in rent and possession actions.

[SB 590](#)—*Sponsor: Hegeman (R-12); Rehder (R-148)*—Modifies the Historic Preservation Tax Credit.

[SB 593](#)—Sponsor: *Wieland (R-22); Shull (R-16)*—Enacts provisions relating to financial solvency of insurance companies.

[SB 629](#)—Sponsor: *Wasson (R-20); Rehder (R-148)*—Modifies provisions relating to tax increment financing.

[SB 644](#)—Sponsor: *Cunningham (R-33); Brattin (R-55)*—Creates new provisions relating to unclaimed property.

[SB 768](#)—Sponsor: *Hoskins (R-21); Berry (R-38)*—Allows telephone companies to select an alternate method of property tax assessment.

[SB 769](#)—Sponsor: *Cunningham (R-33); Fraker (R-137)*—Modifies provisions relating to financial transactions by public entities.

[SB 773](#)—Sponsor: *Hoskins (R-21); Swan (R-147)*—Modifies provisions relating to taxation.

[SB 802](#)—Sponsor: *Nasheed (D-5); Evans (R-99)*—Modifies provisions relating to women's and minority business enterprises.

[SB 806](#)—Sponsor: *Crawford (R-28); Neely (R-8)*—Modifies various provisions regarding guardianship and conservator proceedings.

[SB 807](#)—Sponsor: *Wasson (R-20); Lichtenegger (R-146)*—Modifies provisions relating to higher education.

[SB 843](#)—Sponsor: *Riddle (R-10); Ross (R-142)*—Modifies the composition, duties or repeals outright certain administrative boards, commissions, and councils.

[SB 882](#)—Sponsor: *Hoskins (R-21); Bernskoetter (R-59)*—Modifies provisions of the Missouri Higher Education Savings Program.

[SB 884](#)—Sponsor: *Koenig (R-15); Wiemann (R-103)*—Modifies provisions relating to taxation.

[SB 894](#)—Sponsor: *Libla (R-25); Fitzwater (R-49)*—Establishes a statewide STEM career awareness program and enacts new provisions of law related to computer science.

For Additional Information

There will be a *Government Advocacy Update* on June 4, with follow-up reports being sent on an as-needed basis when special developments occur. If you have any questions on MOCPA's government advocacy efforts, please visit the [Web page](#), or contact [Dena Hull](#) at (800) 264-7966, ext. 105.

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